

05-020

NAME
ADDRESS

June 29, 2005

To Whom It May Concern:

I am writing to request a ruling on a particular taxation issue regarding the payment of fuel taxes. On DATE CREDIT UNION became a federally chartered credit union. As per section 1768 of Title 12 of the US Code, federal credit unions are exempt from all taxes except for real and personal property taxes. Included is an attached copy of the official exemption notification from the National Credit Union Administration.

Since DATE CREDIT UNION has been paying fuel taxes on the fuel it has purchased for the operation of company courier vehicles, backup generators, etc. It is the credit union's opinion that according to Title 12 of the US Code it should be exempt from payment of both state and federal fuel taxes.

CREDIT UNION is requesting an official ruling from the State Tax Commission in regards to this matter. If you have any further questions or need additional information, please contact me at PHONE NUMBER.

Thank you for help in this matter.

Sincerely,

NAME
COMPANY

RESPONSE

July 27, 2006

NAME
ADDRESS

Re: Private Letter Ruling 05-020
Tax on fuel purchased by a federally chartered credit union

Dear NAME,

This letter is in response to your request for tax guidance. This letter ruling is not intended as a statement of broad Tax Commission policy. It is an interpretation and application of the tax law as it relates to the facts presented in your request letter and the assumptions stated in the Analysis portion of this ruling letter. If the facts or assumptions are not correctly described in this letter ruling, please let me know so we can assure a more accurate response to your circumstances.

Facts

CREDIT UNION is a federally chartered credit union. The Credit Union has been paying fuel taxes on purchases of fuel used for the company's courier fleet, backup generators, etc. You have asked for a ruling as to whether the Credit Union is required to pay tax on its fuel purchases.

Analysis

Under federal law, federally chartered credit unions are exempt from state and local taxes, except for property tax. Utah law, in section 59-13-201 (3) (a) (iv) of the Utah Code, exempts from taxation the sales of motor fuel to the United States Government and federal instrumentalities, including federal chartered credit unions. Sales of undyed diesel fuel to a federally chartered credit union is also exempt from the special fuel tax under section 59-13-301 (2) (b). Therefore, if the Credit Union can show that it has paid tax on its purchases of motor fuel or special fuel, it may apply for a refund using form TC-114M (copy enclosed). Likewise, a government entity that paid tax on its purchase of special fuel may request a refund on form TC-114S (copy enclosed).

The government entity that claims a refund for its fuel purchases is required to maintain original records to support the refund claim for a period of three years. The records must include information on its purchases, including the following:

- a. Name of the exempt entity making the purchase;
- b. License plate number of the vehicle in which the fuel was used;
- c. Invoice date and number;
- d. Name of supplier and vendor location;

- e. Fuel type purchased;
- f. Number of gallons purchased; and
- g. Amount of state motor fuel tax paid.

Please note that payment for the fuel must be made directly by the credit union, which is the exempt entity. If an individual pays for the fuel, then requests reimbursement, the sale is not exempt.

Ruling

The Credit Union is eligible for refunds of motor fuel and special fuel tax. Application for refund can be made on the appropriate Tax Commission forms.

For the Commission

Marc B. Johnson
Commissioner

MBJ/IR
05-020